

## Insurance

**Insurance:** defined as a contract (called an **insurance policy**) where one party (**insurer**) agrees to pay another party (**insured**) for losses affecting the insured's interests (**the insurable interest**).

**Premium:** the consideration that the insurer receives for paying the loss.

### Types of Insurance:

1. **Homeowner's Insurance** - provides coverage for losses due to damage or destruction of a home.
2. **Life Insurance** - provides coverage after the insured party's death, often to family member(s) left behind (**beneficiary**).
  - a. **Term insurance:** is sold for a specified time period.
  - b. **Whole life insurance:** provides coverage throughout the insured's life (has cash value).
3. **Health Insurance** - pays for hospital and medical treatment.
4. **Disability insurance** - provides a monthly income when one becomes disabled.
5. **Automobile Insurance** - provides coverage for automobile accidents and damage to the insured's automobile.
  - a. **Liability** - covers damages if the (insured) driver injures someone or damages someone's property in an automobile accident.
  - b. **Collision insurance** - pays for damage to the insured automobile when it is involved in a collision.
  - c. **Comprehensive insurance** - covers damage to the insured automobile resulting from causes other than collision (Ex. - hail).
6. **Title Insurance** - protects a buyer of realty in the event that the seller did not have a clear title to that property.

## Insurance (continued)

7. **Social Insurance** - protection of individuals against economic hazards such as unemployment, old age, or disability.
- a. **Medicare** - a government program of medical care for the aged.
  - b. **Social Security** - a program of the United States government that provides retirement income, health care for the aged, and disability coverage for eligible workers and their dependants.
8. **Worker's Compensation Insurance** - protect workers who are injured on the job.
9. **Malpractice Insurance** - insurance purchased by physicians and hospitals to cover the cost of being sued for malpractice.
10. **Excess Liability insurance** - called an "umbrella" policy that provides liability coverage for at least \$1 million. Added to a homeowner's insurance policy to cover liability for accidents on or away from insured property.
11. **Annuity** - will pay a designated amount periodically, the payments begin at a date set in the policy.